

Message Text

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PAGE 01 JIDDA 01104 061355Z

43

ACTION FBO-01

INFO OCT-01 NEA-05 ISO-00 L-03 /010 W

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R 061213Z MAR 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6325

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E.O. 11652: N/A TAGS: ABLD, SA

SUBJECT: PROPOSED JIDDA CONSTRUCTION PROGRAM

REF: (A) COMPOUND LEASE EXECUTED OCTOBER 20, 1947

(B) DEPARTMENT 39217

1. EMBASSY WILL SUBMIT A NOTE TO MFA SEEKING ITS ASSURANCE THAT OUR LEASE MAY BE RENEWED ON TERMS SET FORTH IN ITS PARA NO. 8, FOR AN INDEFINITE PERIOD. WE WILL NOTE ALSO THAT NEW RENT TO BE DETERMINED BY PERCENTAGE OF ORIGINAL CONSTRUCTION COST, LESS COSTS OF MAINTENANCE (WITH "CONSTRUCTION COST" TO BE DEFINED BY US PEROLUZWBARA A., PARA 4, REF B).
2. EMBASSY COMPOUND OCCUPIES WHAT IS NOW ONE OF MOST VALUABLE PIECES OF PROPERTY IN A DESIRABLE AND RAPIDLY DEVELOPING AREA OF JIDDA. WE KNOW ALSO REAL ESTATE SPECULATORS HAVE BEEN LOOKING AT COMPOUND WITH GREEDY EYE AND WOULD LOVE TO DEVELOP OUR FORTY-FIVE ACRES TO THEIR CONSIDERABLE BENEFIT.
3. EMBASSY BELIEVES THAT SAUDI DISPOSITION TO BE ACCOMMODATING ABOUT TERMS UNDER WHICH SUCH NEGOTIATIONS COULD PROCEED, MAY BE DIMINISHED SO LONG AS THE OIL BOYCOTT CONTINUES WITH ITS CAPACITY TO TROUBLE US-SAUDI RELATIONS.
4. FOR THIS REASON EMBASSY WILL NOT RAISE QUESTION OF LEASE WITH SAG UNTIL BOYCOTT HAS BEEN LIFTED. WE HOPE THIS WILL TAKE PLACE VERY SOON. AMBASSADOR WILL THEN PERSONALLY

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PAGE 02 JIDDA 01104 061355Z

TAKE UP EMBASSY REQUEST WITH MINISTER OF STATE FOR FOREIGN

AFFAIRS OMAR SAQQAF AND SEEK HIS ADVICE AND SUPPORT.

5. EMBASSY BELIEVES IT POSSIBLE, HOWEVER, THAT SAG MAY
HAVE RESERVATIONS ABOUT EXTENDING ORIGINAL
25 YEAR LEASE FOR "INDEFINITE PERIOD" PER PARA 4,
REF (B). WILL NEVERTHELESS REQUEST "INDEFINITE EXTENSION"
BUT IS THERE SOME FALL-BACK POSITION THAT DEPARTMENT COULD
SUGGEST THAT WOULD STILL PERMITUS TO GO FORWARD WITH
BUILDING PLANS? ANOTHER 25-YEAR PERIOD? 50 YEARS?
AKINS

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Message Attributes

Automatic Decaptioning: X
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